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MEMORANDUM

TO: House Committee on Local Government
FROM: Steven C. Liedel *scli*
Andrew H. Doerr
RE: News Item on Delinquent Tax Collection Process in Washtenaw County
DATE: June 5, 2014

On behalf of our client, the Michigan Association of County Treasurers (MACT), we thought you might find of interest the attached news item regarding the workings of the delinquent tax collection process in one county (Washtenaw).

If you or your staff ever have questions about this process, we would be happy to connect you with the appropriate county treasurer's office or help you obtain information.

scli
Attachment



Washtenaw County tax foreclosures: 259 properties headed to auction

Loading Photo Gallery

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on June 05, 2014 at 5:30 AM, updated June 05, 2014 at 5:36 AM

Related story: Building in Chelsea's Clocktower development area headed to tax foreclosure auction

The number of Washtenaw County properties heading to tax foreclosure auction this summer is up about 39 percent from 2013 after the owners of three partially-developed subdivisions failed to pay back taxes.

The total number of parcels up for bid this year is 259, compared to 186 properties in 2013, 274 properties in 2012, 637 properties in 2011, 375 properties in 2010 and 45 properties in 2009.

From 1997 to 2005, there were an average of 12 tax-foreclosed properties each year.

The former owners of the properties up for auction this summer failed to pay their 2011 taxes, which includes property, income, federal and state taxes.

Washtenaw County Treasurer Catherine McClary said the jump in the number of tax-foreclosed properties this year is because there are three subdivisions up for bid, compared to only one subdivision in 2013.

The three subdivisions — Milan Crossing in the city of Milan, The Pointe at Island Lake in Ypsilanti Township and Rivergrove Village in Ypsilanti Township — account for 167 of the 259 foreclosed parcels. Phase one construction is completed in the three subdivisions.

"While the number of foreclosed parcels increased this year over last year, it is accounted for by the subdivision parcels," McClary said.

She added: "Delinquent taxes are lower this year considerably from recent prior years, which is good and bodes well for our residents and homeowners for the future."

McClary is still preparing the full list of properties heading to auction, but she said it includes commercial, residential and vacant buildable lots that are scattered throughout Washtenaw County. The minimum bid price for properties will include taxes, fees, interest, penalties and the cost to bring it to auction.

Partially developed subdivision properties and adjacent parcels that go together are often bundled at auction, so McClary said there will be 75 total auction items this year. That compares to 114 auction items in 2013.

Some properties that will be up for auction include:

- The Rockwell Building at 301 N. East St. in the Clocktower Development area in Chelsea. Minimum bid expected: \$118,454

"It's right downtown Chelsea, which is a booming place," McClary said. "I would recommend, if somebody is really interested in it, they go to the city of Chelsea and go to the building inspection department and look at all the records on it."

- A home at 930 Seven Mile Rd. in Whitmore Lake with a pond and surrounding woods. McClary said it appears the home has tile floors and granite counters. Minimum bid expected: \$48,268
- A former commercial site at 12208 W. Michigan Ave. in Saline, which will require building demolition. Minimum bid expected: \$4,767

"Once you demolish the building, which didn't look like it would take much, you've got this gorgeous land very close to downtown Saline," McClary said.

- There are two properties up for bid in the city of Ann Arbor this year: 601 Elmcrest Drive and 12 W. Eden Ct.

McClary said there will be open houses on June 21 for properties in the city of Ypsilanti.

"There are some interesting (properties up for bid) this year," she said. "I think that because we're pulling out of the recession, we're now starting to see a different mix of foreclosures. There are fewer single-family homes."

She added: "I think things are changing. I think things are improving and I think the mix of properties we have is really fascinating for people to just take a look at, drive around the county to visit and see what they think."

McClary said the Step Forward Michigan program is helping people avoid tax foreclosure. The program allows residents who meet a minimum set of qualifications apply for up to \$30,000 in past due property tax or mortgage payment relief. **(Read more)**

The 2014 tax foreclosure auction dates are: July 15, July 25, Aug. 1 and Aug. 8. If unsold properties remain after the first four auctions, there will be additional auctions held Sept. 12 and Oct. 17.

The parcels up for bid will be available for online viewing at the end of June.
(www.auction.com/washtenaw)

In 2013, the county was unable to break even during the auctions in the amount of back taxes owed. The

county **recouped** \$412,000 of the \$1,675,000 owed. The amount collected at auctions is charged back to local taxing jurisdictions.

Of the 186 parcels up for tax foreclosure auction in 2013, McClary said nearly all of the properties sold. However, many properties sold for less than what was owed in back taxes.

McClary said the \$412,000 in charge backs is minimal compared to the \$1 million in charge backs in 2010 and 2011. Before 2010, the county received more than a million dollars in extra proceeds each year since 1999.

*Lizzy Alfs is a business reporter for The Ann Arbor News. Reach her at 734-255-2638, email her **lizzyalfs@mlive.com** or follow her on **Twitter**.*

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